

New law, relative to the Teachers' Retirement System of La. (TRSL), would have provided for the direct payment of funds for the payment of Unfunded Accrued Liability (UAL).

Present law provides for calculation of each fiscal year's actuarially required employer contribution for each state retirement system, including TRSL. Provides for this contribution amount to be divided by projected payroll to produce the actuarially required employer contribution rate.

Present constitution requires the legislature to set and determine all contributions to be made to TRSL. Present law mandates that the legislature set the employer contribution rate equal to the rate calculated pursuant to present law.

Proposed law would have retained present law.

Proposed law would have provided that, beginning in FY 2012-2013, the treasurer would pay certain amortization payments directly to TRSL. Would have provided for the employers' contribution rate for TRSL to be reduced to reflect the direct payments. Would have provided for the treasurer to deduct each employer's proportionate share of the amortization payment from the monies appropriated to or for the use of the employer. Would have provided for employers who objected to such direct payments to pay the rate without the reduction for direct payments. Would have required TRSL to notify the treasurer regarding amortization payments to be withheld and to notify employers of their ability to object to direct payments.

Would have been effective June 30, 2011.

(Proposed to amend R.S. 11:102(B)(1); proposed to add R.S. 11:102(D))

**VETO MESSAGE:** Early payment of retirement expenditures from funds in the Treasury will result in reduced interest earnings for the State. House Bill No. 495 raises numerous questions about cash flows for the Treasury, Department of Education, local school districts, and public universities.

For this reason, I have vetoed House Bill No. 495 and returned it to the House. I commend Representative Pearson's efforts to find innovative solutions to address our rising pension costs and encourage further collaboration to develop this concept and others.